October 18, 2010

We are over three months into the integration of this new organization - UA Healthcare. Remember why we are doing this - to be responsive to the charge of the Arizona Board of Regents to “…create an integrated clinical enterprise to support The University of Arizona College of Medicine in its missions of education, research, and patient care.” This new organization will become the clinical foundation for a top tier medical school. An integrated health system will increase patient satisfaction through simplified billing processes and the development of a better coordinated care model. The streamlining of overall operations will generate cost savings and increase revenues, freeing up capital to invest in the future of the organization as the healthcare markets are reformed over the next several years.

Here is a timeline for our progress this fiscal year:

Update on expected progress through October – We are on track!

The following teams are actively working toward their integration plans and are on track with their initial timing/expectations– Purchasing, Contracts, Credentialing, Compliance, Patient Accounting, Finance/ Treasury, Quality, IT, Human Resources, Foundations, Government Relations, Marketing/Communications, University Medical Imaging, Claims/ Risk Management and Risk Financing.
The following teams are expected to begin to demonstrate characteristics of actual integration in the October through December timeframe –

**Purchasing/Supply Chain** – this group continues to work through key contracting (Group Purchasing Organizations) and legal issues in an effort to combine their GPO efforts and begin to generate pricing savings. The group presented their plan to the President’s Council and is processing through plan refinements including job descriptions for contracting and analytical staff. The operational changes the group will undergo including the creation and support of clinical (“SCOPE”) teams to focus on supply chain issues will bring the most gains to the new organization. Agreeing on and calculating expected returns is also a key for the completion of this groups work. Current estimates remain in the $7 to $10 million dollar range. The group will convene a group of financial experts including representatives from University Health Systems Consortium (UHC) to discuss specifics regarding targets and measurement tools. The group understands the importance of publishing timely and accurate metrics of their progress and is on track to deliver these (metrics and reporting tools) in the next quarter.

**Risk/Claims Management/ Risk Financing** – this group is working diligently to prepare the organization to present to the insurance markets as a single enterprise in the spring of 2011 for a renewal date of July 1, 2011. Some members of this team recently attended the ASRM (American Society of Risk Managers) national meeting. The team members were able to meet with insurance underwriters as well as “aspirational peers” to refine their plan design. The group will meet with the President’s Council soon to present their plan. Expected gains in this area have not yet been quantified although the group is on track to report by the end of December.

**Marketing and Communications** – This group is also the same team working with SPM, the external marketing/branding firm. Plans are being finalized to create “identity concepts” and launch “identity research”. Based on this research, production of the new branding campaign is expected to occur in January, with an official launch in February. The team continues to develop an integrated marketing and communications action plan to be presented to President’s Council in November.

**Strategic Planning** – The Board of Directors will, at its retreat to be held in late October, work through the development of the Vision and Mission Statements for the new organization. The Davis Group has been engaged to work with our Board and management team in preparation for the retreat, and has conducted many interviews of UAH and COM physicians, Board members, staff and other stakeholders in preparation for the Board’s work and the subsequent development of a strategic plan.

Thanks to the many of you who are working on the individual integration teams.